

DECISION MEMORANDUM

TO: COMMISSIONER ANDERSON
COMMISSIONER CHATBURN
COMMISSIONER HAMMOND
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: DAYN HARDIE
DEPUTY ATTORNEY GENERAL

DATE: MARCH 8, 2022

SUBJECT: IN THE MATTER OF IDAHO POWER COMPANY’S APPLICATION FOR APPROVAL OF THE CAPACITY DEFICIENCY TO BE UTILIZED FOR AVOIDED COST CALCULATIONS; CASE NO. IPC-E-21-09.

On April 9, 2021, Idaho Power Company (“Company”) applied for Commission approval of its capacity deficiency period determination for avoided cost calculations under the Public Utility Regulatory Policies Act of 1978 (“PURPA”) and Order Nos. 32697, 33084, 33159, and 34659. The Company asked for Commission approval of the capacity deficiency period with a first deficit occurring in August 2028.

On April 28, 2021, the Commission issued its Notice of Application and Notice of Modified Procedure setting comment deadlines. Order No. 35023.

On June 10, 2021, the Industrial Customers of Idaho Power (“ICIP”) filed with the Commission a document making three separate pleadings: a request to intervene, a motion to stay the procedural schedule to provide time for discovery, and a preliminary objection to the use of modified procedure. On June 14, 2021, Idaho Hydroelectric Power Producers Trust dba IdaHydro (“IdaHydro”) joined the ICIP’s motion and also petitioned to intervene. The Commission granted intervention to the ICIP and IdaHydro. *See* Order No. 35084.

The Commission addressed ICIP’s filing at its June 22, 2021, decision meeting. The Commission noted that the objection to the use of modified procedure was premature. If necessary, the motion may be renewed during the comment process if parties determine that the allowance for discovery and opportunity for comment has been inadequate in addressing the issues. Finally, the Commission denied ICIP’s motion to stay the procedural schedule, but found it reasonable to

vacate the current comment deadlines and set new comment deadlines to allow for additional discovery.

On June 25, 2021, the Commission issued Notice of Modified Procedural Schedule setting new comments deadlines. *See* Order No. 35091.

This matter appeared on the Commission’s Decision meeting agenda on October 12, 2021 as a fully submitted matter.

On December 10, 2021, IdaHydro filed a motion for an order setting a capacity deficiency date in summer 2023. On December 27, 2021, the Company responded to IdaHydro’s motion requesting the Commission deny IdaHydro’s motion.

On February 4, 2022, the Company filed a motion and amended application (“Amended Application”). On February 15, 2022, IdaHydro filed supplemental information to support its position.

BACKGROUND

Under PURPA, the Commission has established a surrogate avoided resource (“SAR”) method and an integrated resource plan (“IRP”) method to calculate avoided cost rates for qualifying facilities (“QFs”). Under both methods, a QF receives capacity payments only after the applicable capacity deficit date is reached. Order Nos. 33377, 33159, and 33898. The first deficit date under the IRP method will float (change) to reflect the changes in the QF queue, while the first deficit date under the SAR method will not float to reflect the changes in the QF queue. Order No. 33933.

The capacity deficiency period is determined through the IRP planning process and is submitted to the Commission in a proceeding separate from the IRP docket. The capacity deficit date determined in the IRP process is presumed to be correct as a starting point but will be subject to the outcome of the capacity deficiency case. Order No. 32697.

COMMENTS

Consistent with the comment deadlines established in Order No. 35091 the parties filed timely comments on the Application.

IdaHydro requested the Commission set the capacity deficit date in mid-summer 2023 which it offered was congruent with the Company’s notice of intent to seek requests for proposals to fill a projected capacity need as early as summer 2023.

Staff believed the Company should update the first capacity deficit date from the Second Amended 2019 IRP which was the basis of the Company's Application. Staff recommended:

- Utilize the most recent load forecast developed by the Company;
- Reduce the amount of Market Purchases from southern pathways by 310 MW and only include 50 MW starting in 2021;
- Allow non-PURPA PPAs to expire on their actual expiration dates;
- Reflect contract changes since the preparation of the Load and Resource, which include PURPA contract updates identified in Response to Staffs Production Request No. 7 and approval of the Jackpot Solar contract; and
- Correct the capacity value of Valmy Unit 2 and Bridger.

Staff Comments at 10.

Staff also recommended that the Commission open a generic docket to determine the timing of the deficiency date filing in relation to the timing of the IRP.

The Company replied to Staff and IdaHydro, acknowledging, "an apparent difference between the first capacity deficit date that appears in the acknowledged 2019 Amended IRP (2028) and that which is referenced in the Company's Notice of Intent to seek requests for proposals and the Request for Proposals itself seeking generation to meet an identified capacity deficit in 2023." Idaho Power Reply Comments at 2.

IDAHYDRO'S MOTION

IdaHydro's motion asks the Commission to set the Company's capacity deficiency date in summer 2023. IdaHydro cited the concurrence of the Company that summer 2023 was the correct capacity deficiency date. IdaHydro's motion was based on the Company's subsequent Case No. IPC-E-21-41 filed on December 3, 2021, which seeks Commission approval to begin resource procurements to meet a summer 2023 capacity deficit identified in the Second Amended 2019 IRP. On February 15, 2022, IdaHydro filed a supplement to its motion—a copy of the Company response to IdaHydro's production request where the Company responded, "Idaho Power's 2021 [IRP] filed on December 30, 2021, indicates a first capacity deficit in July 2023." Second Declaration of C. Tom Arkoosh Exhibit A. Based on this statement, IdaHydro believes this matter

requires “no additional elaboration as to the appropriateness of setting the power company’s first deficit date in the Summer of 2023.” IdaHydro Supplemental Information.

THE AMENDED APPLICATION

The Company proposes that the Commission allow it to amend its Application to seek a first capacity deficit of July 2023, based upon the 2021 IRP and consistent with the request for proposals issued to meet deficits starting in 2023. The Company states “the 2019 IRP was amended twice, and the Commission’s consideration and eventual acknowledgement of the Second Amended 2019 IRP was considerably delayed.” Amended Application at 5. Additionally, the Company notes the 2019 IRP was the first avoided cost first deficit update since “the Commission changed filing requirement from the time at which the IRP is filed to the time after which the IRP is acknowledged,” which it states resulted in a delay of the Commission considering and setting its first capacity deficit. *Id.*

The Company’s Amended Application includes the Load and Resource Balance Data from the 2021 IRP which shows capacity deficits of 101 MW in July of 2023, 186 MW in July of 2024, and 311 MW in July of 2025.

The Company requests a first capacity deficit date of July 2023 for SAR and IRP avoided cost calculation. The Company also requests that the Commission direct that future capacity deficiency filings for avoided cost rates be made when the IRP is filed, rather than at the time the IRP is acknowledged.

STAFF RECOMMENDATION

Staff has conducted a preliminary analysis of the proposed update to the Company’s capacity deficit date but would like additional time to complete its analysis. Staff believes that given the Amended Application and updated information now available, that this case should be reopened to allow Staff and the parties time to fully analyze the Amended Application. Staff therefore recommends this case be reopened. Staff recommends the Commission issue a Notice of Amended Application and Amended Notice of Modified Procedure. Staff recommends establishing an April 7, 2022 public comment deadline and an April 14, 2022 Company reply deadline.

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COMMISSION DECISION

Does the Commission wish to:

1. Accept or deny IdaHydro's motion to set a summer 2023 capacity deficit date without additional procedure?
2. Accept or deny the Company's motion to accept the Amended Application and prescribe additional procedure?
3. Reopen this case and issue a Notice of Amended Application and Amended Notice of Modified Procedure establishing an April 7, 2022 public comment deadline and an April 14, 2022 Company reply deadline?
4. Anything else?



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